Sectt. II-2

Dev **(1952) Department.**

Passed
LP
subdi

M S **SERIES.**

G.O. NO. 2034

Dated 9. 5. 52

[Despatch Abstract.]

Industries- Sericulture - Mulberry Silk, Filatures, Kollegal - Purchase of cocoons by Open Tender system - Exemption - Order passed

Industries and Commerce Department

Dev 37304 9.52
3.4.52

From
Thiru M.T.Raju, Bar-at-Law., I.C.S.,
Director of Industries & Commerce,
Madras 6.

To
The Secretary to Government
Development Department,
Madras.

UNDER SECRETARY 8 APL 1952 DEVELOPMENT DEPARTMENT

No.779.D1/51. dated 29th March 1952.

Sub: Industries -Sericulture - Government Silk Filatures, Kollegal - Purchase of cocoons- adoption of ~~tender~~ tender system - regarding.

In Para 1 of Accountant General's letter No.O.A.31-32/50-51/547 dated 15-2-1952(copy enclosed) the Accountant General has stated that as the price of cocoons is not controlled, specific orders of Government are necessary for purchasing the cocoons without calling for tenders.

2 In this connection I submit that the Chief difficulty which precludes adoption of the tender system for the purchase of cocoons is due to the highly sensitive nature of the silk market. The prices of cocoons depend upon the silk market which not only varies from day to day but fluctuates in the course of the day also. The prices of cocoons also vary from village to village according to the intensity of the competition among the local reelers. Besides there is also the difficulty in regard to the loss in weight day to day and therefore the supplier who has to accept the weight at the time of delivery at the filature would have to cover himself against such possible losses due to reduction in weight and transport of cocoons from distant villages to the filature. ~~Even this is the difficulties.~~ In view of these peculiar conditions inherent in the silk trade no contractor could undertake supply of cocoons except at a very high rate. It is therefore not feasible to introduce tender system for supply of cocoons to the filatures.

3 In order to ascertain the system of purchase of cocoons in Mysore, West Bengal and Kashmir States I addressed the respective Governments and it may be seen from their replies (Copies enclosed) the purchase of cocoons by tender system is not in vogue any where in India.

4 In the light of what is explained above Government may be pleased to exempt the purchase of cocoons by open tender system as per Rule III under article 125 M.F.C.Vol.I and ratify the purchases of cocoons made hitherto without adopting open tender system.

5 I may also point out in this connection that suitable modification has been proposed in the Common Standing orders for the commercial concerns regarding purchase of cocoons which are under the consideration of Government.

6 I request early orders of Government in the matter.

V.S. Rajaram
for Director of Industries and Commerce

trs/ 31/3.

31.3.52

Copy of letter No.8A.31-32/50-51/547 dated 15-2-52. from the Accountant General, Madras. to the Director of Industries and Commerce, Madras.6

Sub: Sericultural Expert, Kollegal Purchase of cocoons-adoption of tender system.

Ref: Your letter No.779-D1/51 dated 5-1-52.

With reference to your letter cited above, I have to state that as the price of cocoons is not controlled now, specific orders of Government are necessary for purchasing the cocoons without calling for tenders.

It may be stated whether orders of Government have since been received to the modification to clause 13 of the standing orders stated to have been proposed in your letter to Government dated 2-8-50-vide in this connection your letter No.779-D1/51 dated 15-10-51.

/ true copy /

Copy of the letter No. F.1503/47-48 dated 22nd March, 19[illegible] from Factory Manager, Government silk Filatures, Kankanhalli Government of Mysore, to the Director of Industries and commerce, Madras.

Sub:- Reauirements of cocoons- purchase methods.
Ref:-Your letter No.6129/D/47 dated 16th March.48.

Cocoons are purchased by this factory direct from the rearers when they willingly ~~the~~ tender the same at the filature market or whenever a filature market has been established in villages around the filature. The rate paid is generally that prevailing in the locality Bulk of our supply is obtained for us by brokerswho are instructed regarding the rates prevailing from time to time and directed to purchase cocoons at that rate. No guarentee is held out to the brokers regarding the rates notified to them and the period during which it will prevail. Whenever the rate has to be increased or decreased the broker is asked to indicate the quantity for which he has paid the advances and which are likely to mature in to the broker and new rates are brought into force with the immediate effect.

& next one or two days as the quantity is purchased at the rate suggested

The tender system for purchase of cocoons is not adopted by us as the fluctuations will force the broker to quote rates higher than those prevailing in the market for reasons of personal safety. In case the rates raised beyond his capacity to manage for any quantity offered, the broker may fail to secure the best crops forthe filature. When the price falls below the fixed rate offered, the supply will be more than the requirement of the filature, especially if the crops are bad in quality as in rainy season etc., Further by obtaining cocoons by the tender system the rate of purchase by the broker will be generally known to the charka establishments and they will increase the rates a little above the tendered rate to divert the supplies to themselves. and ~~the~~ cause shortage of supply to the filatures.

The situation of the Mysore Government silk filatures, is such that the crops that mature in the locality are barely sufficient for its annual requirements, and unless continuous and vigorous purchases at prevailing market rates is made, the production of the filatres is likely to suffer. This condition may not apply to Mysore District, where cocoon growing is done on a very large scale where tender system may be conveniently follow on weekly basis. I fear even in Mysore District if this is done cocoons are not likely to flow freely to the filatures, for we understand that the Mysore silk filatures, offered a fixed rate to the brokers and the brokers supplied cocoons when convenient to them and said that crops are not good ~~or are~~ not available in sufficient quantity when the rates are not economical for business purposes.

The tender system for purchasing cocoons will not permit purchase of small lot from different rearers through the brokers on the basis of quality as all cocoons will be mixed and it will be difficult to assess the renditta of mixed lot of 2to 3 thousand pounds at a time.

(Sd.) ... ...
Factory Manager
Government silk fillatures,
Kankanahalli.

(True copy)

Copy of the letter NoSB/10439/dated12-4-1948 from the Director of sericulture, kashmire to the Director of Industries and commerce, Madras.

Continued in Page 2.

Sub:- Purchase of cocoons.
Ref:-Your memo 6329/D/47 dated16-3-1948.

Silk industry here being a Government monopoly silkworm rearers sell cocoons to Government at rates fixed in advance by the latter. Such rates vary from time to time.

It may kindly be intimated what the procedure in Madras is

(True copy.)

Copy of the letter No.1362/(2) dated 7-7-1948 from the superintendent of sericulture, Berhampur, West Bengal, to the Director of Industries and commerce, Madras.

Sub:- PURCHASE OF COCOONS.
Your letter No.6529/D/47 dated 15-6-48.

It appears your letter No.6529 dated 16-3-1948 was not received in this office.

The method of purchase of cocoons in this province is that the Buyer has to collect them from rearers houses after settling the price according the quality which varies from crop to crop

Cocoons are sold both green and dry. When dry about 13 seers are taken equivalent to one maund.

Brokers are employed by buyers who charge to 2% as their commission on the purchase value of cocoons.

Tender system is not in vogue in this province and there is no organised market for cocoons.

True Copy)

Dev. (G) Dept.

Sub:- Industries - Sericulture - Govt. Silk Filatures Kollegal - Purchase of Cocoons ~~by~~ tender system Exemption - Orders passed.

Ref:- From the D.I.& C. No.779 D1/51, dt. 29-3-52.

G.O. MS.NO. 2034 Dt. 9-5-52

In the circumstances stated by the D.I.& C. in his letter read above and pending final orders on the proposal to modify the standing orders regarding purchase of Cocoons, the Govt. Sericultural Expert, Kollegal, is empowered to purchase cocoons as and when required at the Govt. Cocoon markets and in the adjoining villages in the Mysore State up to the quantity required for running the filatures and for stocks subject to the budget provision without adopting Open tender system. The purchases of Cocoons hitherto made without adopting the Open tender system are also ratified.

To
The D.I.& C., Madras.
The A.G. thro' Fin.

Note FD

GSB

Memo no. 37304 Gl/52-1 d - 4 - 52. Gen. Dept.

Silk Industries — Sericulture — Govt.

Silk Filatures — Illegal — Purchase of Cocoons by Tender System.

p1 C. 4. Ref:- From the D. I & C., No. 779-D.I. 5/52 d 29.3.52.

It is stated that in view of the peculiar conditions of the Silk trade no Contractor can undertake to supply Cocoons except at a very high rate. Tender System will on the other hand tend to reduce the ruling prices due to keen competition among the tenderers. The D. I & C. is therefore requested to state whether tenders for Cocoons were called for at any time and if so, to furnish the ruling prices then and the quotations offered by the Contractors. If the tender system was not adopted before, he is requested to give a trial to it now, at a suitable place and report the results, furnishing the ruling prices and the quotations of the tenderers for the Cocoons.

A reply in the matter should reach the Govt. before 15.5.52.

To,

The D. I & C.,
Madras.
R. D. 15.5.52.

9/4/52

In reference your factory Manager's letter at p 5 of complaints the defects in the tender system it is said that it retards the free flow of cocoons and the quality is also not assured. The D.I & C.'s proposal may be accepted.

19/4

8/4/52
L.O. 6.5.52

27949
FINANCE DEPARTMENT

Memo. No. 3730 Gl/52-1
Dt. 10.4.52

373049/52

Fin (Dept.)

In the circumstances stated by the D.D.C. in his letter under ref., this Dept. may agree to his proposal to exempt the purchase of cocoons for the Govt. Silk Filatures, Kollegal from the adoption of the open tender system and also to ratify the purchases hitherto made without adopting the open tender system.

2/ 22.4.52

28/4/52

Dev

Dev. (G) Dept.

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(i) Notes on pp. 1-2 above may be read. Fin. have accepted the proposal to do away with the Open tender system in the purchase of Cocoons. An extract of the proposed Standing Order and U.S's notes thereon is put up at (K). The draft order put up below on the lines of the proposed Standing Order is for approval

Fin no. 27949/52
30.4.52

Dev 47863 9/52
1-5-52

UNDER SECRETARY
1 MAY 1952
DEVELOPMENT DEPARTMENT

6/5/52

(Issued as G.O. Ms No. 2034 Dev dt 9.5.52)

Sr. sent for
come on 7.5.52

7/5/52

APPENDIX. (K)

DEV.(DI) DEPT.

STANDING ORDERS FOR OFFICERS IN CHARGE OF INSTITUTIONS UNDER THE DEPARTMENT OF INDUSTRIES AND COMMERCE.

GOVERNMENT SILK FILATURES, KOLLEGAL.

Draft Standing Orders proposed by the D.I & C.

3. The Officer in charge is empowered to purchase cocoons as and when required at the Government Cocoon markets and in the adjoining villages in the Mysore State at prices not exceeding the ceiling price fixed by the Director of Industries and Commerce up to the quantity required for running the filatures and for stocks subject to the Budget provision.

Note by the Devt. Deptt.

The draft standing order proposed by the D.I & C. may be approved.

V.K.R.
29.8.51. J.M.L.P.
7.12.

Fin. (B.G.).

May be accepted.

xxx
8.1.52.

DEV.(DI).

No action is called for now.

The D.I & C. has ~~put~~ sent up proposals separately for the dispensing with the tender system but to purchase cocoons at market rates from farmers. The proposal is in accordance with this Standing Order. But no ceiling price appears to have been fixed by the D.I & C. The D.I & C. has pointed out that the prices of silk market keeps on changing rapidly. I do not know if it will be possible for the D.I & C. to fix a convenient ceiling price. The D.I & C. may be consulted.

A.C. 11.4.

p.t.o.

Der. D.I

This has been provided for in the revised draft Memo1 below.

A.C.17.4.

J.M.L.P.
22.4.

true extract

Copy of Govt. Memo.No.113356 DI/49-27 Development d/23.4.52.
to the Dir of Ind and Commerce Madras

...

Sub: Industrial Institutions - Standing Orders.

Ref: Correspondence resting with letter from the D.I & C. No.1319 C.1./46 dated 24.10.51

...

xx xx xx

Govt. Silk Filatures, Kollegal:-

RULE 3: The Director of Industries and Commerce has sent up proposals separately for dispensing with the tender system but to purchase cocoons at market rates from farmers. But no ceiling price appears to have been fixed by the Director and he has pointed out that the prices of silk market keeps on changing rapidly. The D.I.& C.is requested to state if it will be possible for him to fix a convenient ceiling price.

xx xx xx

- true extract -